

2013

Government Transformation Office (GTO) Annual Report



November 29th, 2013

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I. Executive Summary

September 2012 to September 2013 Results Summary	
Partnership	Six agencies actively working to implement lean solutions and culture <ul style="list-style-type: none">• Arizona Department of Health Services• Arizona Department of Environmental Quality• Arizona State Land Department• Arizona Department of Real Estate• Arizona Department of Revenue• Arizona Department of Water Resources
# of Projects	17 projects in implementation
Learning	50 employees trained in the fundamentals of lean and leading projects
Service Improvement	End users experience 59% less lead time as an average across all projects with lead time reduction targets
Improved Capacity	Over 35,000 hours redirected to higher value functions
GTO Resources	1.75 FTE

The Arizona Government Transformation Office (GTO) is a division of the Arizona Department of Administration (ADOA) that works directly with government agencies and their employees to shape the future state of government. The goal of transformation is to improve the way the state accomplishes its work and create a culture of problem solvers. GTO's performance is measured by improvements to government processes and by the number of state employees who learn and apply the skills needed to improve processes. During our first full year of operations, agencies working with GTO reported the following results:

Improved Service:

- Reduced lead time by an average of 59%, enabling government's customers to experience a significant improvement in the elapsed time for key services. Lead time reflects the amount of time our end users wait for us to complete our service. Most, but not all, projects had lead time as the primary improvement metric due to the direct impact on end users of the process.

Improved Capacity:

- Redirected 35,000 hours of labor to higher value functions.
- Through process improvement, we have removed more than 35,000 hours of non-value-added steps while also reducing lead time.

Increased Learning:

- Trained 50 state employees in GTO's "lean foundations" training program, which included the completion of actual projects that have impacted agency performance.

Lean is an improvement methodology that helps organizations in virtually every industry experience dramatic improvement in service, cost, and quality. At its core, lean emphasizes improved delivery of

service by eliminating non-value-adding steps in our process. While lean has its origins in manufacturing, it has been adapted to knowledge and transactional work. Financial services companies, healthcare providers, and government have all experienced success with implementing cultures of continuous improvement through lean principles. It is critical to note that quality and speed are not mutually exclusive goals. Executing a process correctly the first time (quality) has a dramatic impact on the overall speed of a process. At no time are employees compromising the quality of the “job to be done” for the sake of speed. Lean’s emphasis on standard work ensures that all state employees understand and use the best currently known method of getting the work done. All processes are also analyzed for the completeness and accuracy of information at every step. When our teams design processes that collect higher quality information from customers at the front of our processes, we can often move 80% faster through the rest of the process.

This report showcases the talent and capacity for innovation that already exists in our state agencies. The improved processes have been designed by the team members who actually perform the work. The purpose of a continuous improvement culture is not the elimination of jobs. Eliminating non-value-added process steps allows our staff to reduce backlogs, deliver improved service to end users, and to ensure work is delivered with higher quality. This is a critically important point that leaders must continue to communicate. Lean is not simply a set of tools for cost reduction, it represents a culture change that drives value for customers and emphasizes respect for our team members.

II. 2012 - 2013 Activities

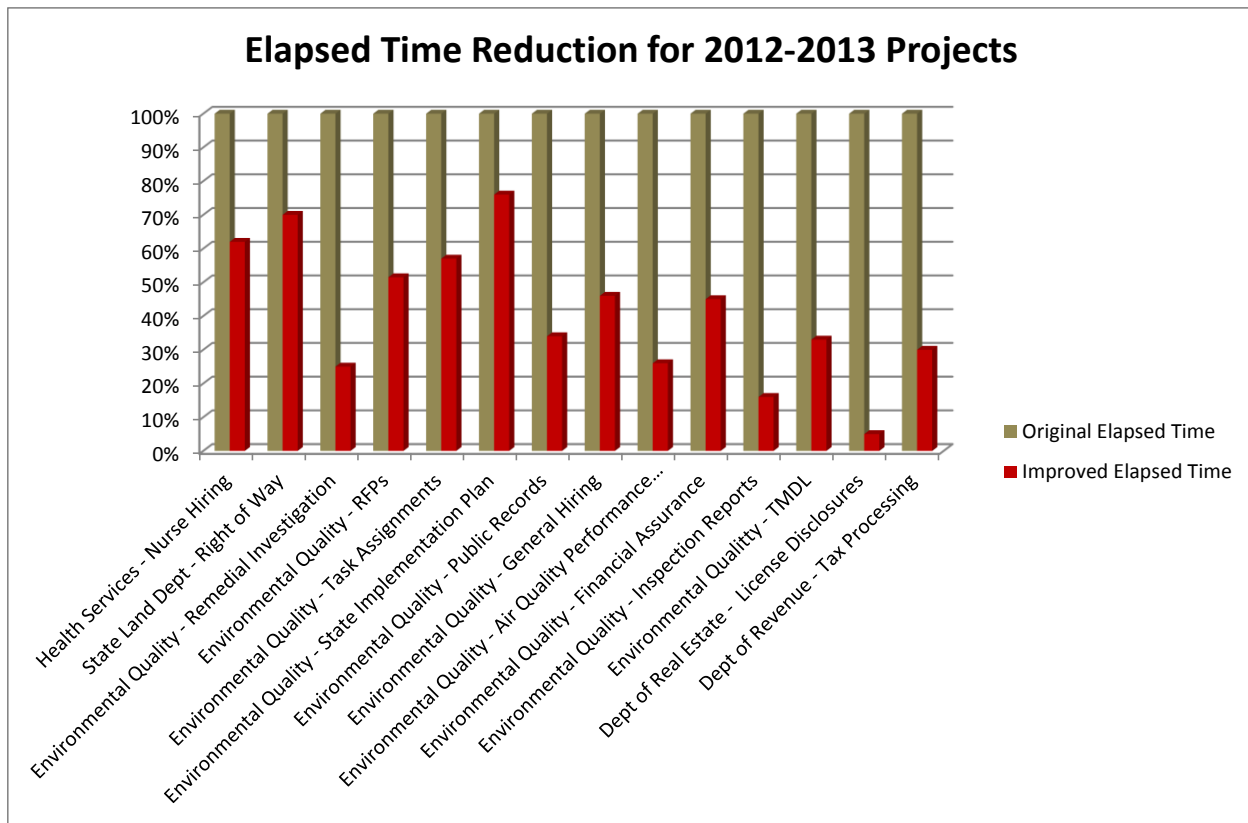
GTO has two primary focus areas:

- **Lead improvement efforts:** Facilitate dramatic improvements in processes against key metrics that matter to the agency and its customers.
- **Develop problem solving systems & capacity:** Conduct training and mentor teams on real-world projects. The goal over time is to create self-sufficiency within state agencies.

In the project summaries below, there are three definitions that are important to understanding the impact of the projects:

- **Lead time:** The total elapsed time from the beginning to the end of a process. This is the time that our customers experience.
- **Process time:** The “touch time” or amount of labor that is required to complete a process. Process time is often just a small fraction of lead time when we first examine our process.
- **Implementation still in progress:** The agency has completed a future state design for the process and is actively working through implementation.

A. Projects Summary



Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Health Services – Arizona State Hospital Nurse Hiring	1) Improved staff position tracking system 2) Eliminated unnecessary supervisory approvals 3) Implemented continuous posting for backfill positions 4) Standardized employee separation process to flag vacancies 5) Balanced resource loading on critical path items	Implementation still in progress. From the moment a vacancy is identified, the team has already reduced elapsed time for nurse hiring from 98 to 67 days (32% Improvement). With continued planned improvements, the team projects reducing the time to 60 days (38% improvement).	Open nursing positions at the State Hospital will be filled over 30% faster on average.

Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Health Services – State Hospital Incident Reporting	1) Incident notes are captured electronically instead of on paper forms. 2) Electronic notes don't have to be re-typed or interpreted by downstream members of the team. 3) Improved the reporting to executives resulting in less time to review incidents.	Reduced process time on each incident report from an average of 32 minutes to an average of 24 minutes (25% improvement). This results in roughly 400 hours per year improvement. Improved information capture has also resulted in streamlined management processes redirecting over 2,800 hours of executive capacity per year.	Nurses and Hospital Executives will have more time to spend with patients and other higher value functions.
Arizona Department of Health Services – Travel Management	1) Improved the instructions for submitted travel expenses. 2) Implemented Quarterly Training system agency-wide to provide comprehensive travel claim information with emphasis on categories with the highest submission errors.	Reduced overall submission errors across the agency by 20%.	Travelers will have a greater understanding of the claim process and DHS will expend less effort fixing claims with missing or incomplete data.
Arizona Department of Health Services – Grants Management	1) Developed an agency-wide standard process for evaluating grant opportunities. 2) Defined a rubric for standardizing the analysis of the strategic fit of potential new grant opportunities. 3) Implemented system to track and measure activities to ensure grants are pursued effectively	100% of grants pursued by the agency align with the department's strategic plan. 100% of new grant proposals complete a programmatic and financial impact/ ROI prior to pursuance.	The agency will maximize collaborative opportunities across divisions, diversify funding sources, improve the quality of grants submitted, invest Agency resources more strategically, and seek to increase funding to programs with highest impact to key outcome measures of Arizona's health and wellness.

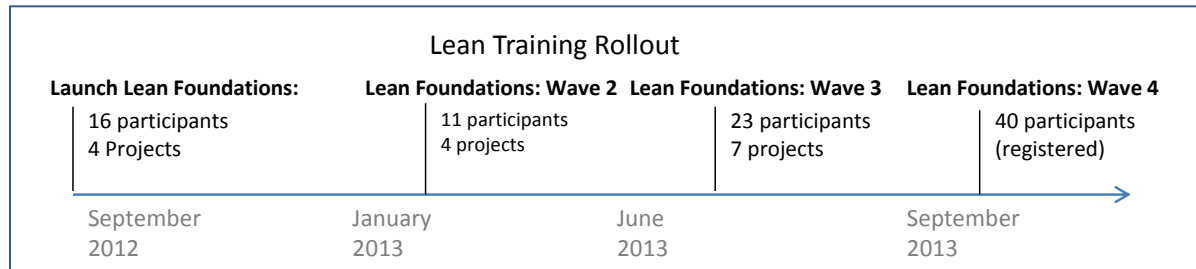
Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Health Services – Healthy Home Project	<p>1) Standardized screening / referral processes for home visitors to assess / screen families and identify immediate needs in areas of home safety, environmental health, and chronic disease services.</p> <p>2) Developed web-based training module for home visitors in the use of the Healthy@Home Assessment tool.</p> <p>3) Assembled and made available to home visitors educational and referral materials.</p>	<p>151.4% increase in provision of education materials by home visitors to families in areas of home safety, environmental health, and/or chronic disease when indicated by scores on Healthy@Home Assessment.</p> <p>45% increase in referrals by home visitors in areas of home safety, environmental health, and/or chronic disease when indicated by scores on Healthy@Home Assessment.</p> <p>26.9% increase in home visitor knowledge of environmental health and chronic disease resources.</p>	During each home visit, ADHS employees will be better trained to identify additional healthy home opportunities and will connect families with a greater range of resources.
State Land Department – Right of Way: Electrical, Distribution, and Transmission Lines (Other categories of Right of Way will be addressed in future project efforts)	<p>1) Detailed checklists to improve submittal accuracy and completeness.</p> <p>2) Reduced hand-offs between applicant and the agency by scheduling a single meeting to resolve questions about the project.</p> <p>3) Increased parallel processing State Land Department by scheduling appraisals simultaneously with comment period.</p>	Implementation still in progress. Projected reduction in elapsed time by 30% for standard projects that don't fall into the "complex" category (70% of incoming volume). The current baseline of a 12 month lead time is expected to improve to 8.5 months.	Applicants will have a better understanding of the documents that are required to process their application/project. Applicants will experience shorter lead times for the process when they submit all required documentation on the front end.
Arizona Department of Environmental Quality – Water Quality Assurance Revolving Fund (WQARF) Remedial Investigation	<p>1) Developed clear standards for completing conceptual site maps.</p> <p>2) Greater responsibility for Project Managers to determine when sufficient data is gathered.</p> <p>3) Contractors plan to complete RI's in single continuous mobilization.</p>	Implementation still in progress. Lead time for Remedial Investigation phase will be reduced from 8 years to 2 years. This will apply to new sites that enter the remedial investigation phase. This results in a 75% lead time reduction.	The 75% lead time reduction in remedial investigation will directly translate into faster WQARF site closures. The Remedial Investigation phase was identified as the most time consuming phase in the overall WQARF process.

Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Environmental Quality – Request for Proposals and Task Assignments	1) Early involvement by procurement team in shaping requirements (versus rework). 2) Secondary competition through bid evaluations on all Task Assignments is not required. 3) Standardized scope of work writing through templates and training.	Implementation still in progress. Developed a process that will result in reducing the lead time required to complete RFP's from an average of 276 days to an average of 142 days (48.5% improvement). In addition, the new process will reduce the lead time required to contract professional environmental services from 101 to 58 days (43% improvement). The new process will redirect over 3,000 hours of labor to higher value functions.	ADEQ will be able to procure needed professional services faster, thereby improving the agency's ability to achieve its mission. Agency team members will be able contract services faster with reduced impact to staff time.
Arizona Department of Environmental Quality – State Implementation Plan	1) Increased concurrent processing. 2) Streamlined work processes by creating and implementing standardized work products for every stage in the SIP development. 3) Increased interagency consultation and involvement earlier in the development of a SIP. 4) Reduced hand-offs and greater efficiency. 5) Increased stakeholder involvement early in the SIP process. 6) Created data management and SIP tracking tools.	Implementation still in progress. Developed a process that will result in reducing the planning process from 4.25 to 3.25 years. 24% reduction in lead time. Eliminate over 1,000 hours of non-value-added touch time.	Developed a process that better adheres to EPA guidelines for timeliness.
Arizona Department of Environmental Quality – Public Records Request	1) Increased guidance from the agency to help clarify the information request. 2) Records staff will pass complex requests directly to designated staff in programs. 3) Replaced temps with permanent employees with skill in library science and records management.	Implementation still in progress. Backlog of records requests has declined from an average of 14.6 days to 2 days (86% reduction). Developed a new process that will fill requests in an average of 11.5 days instead of 23 days (50% reduction).	The public will experience greater predictability and shorter response times in fulfillment of public records requests.

Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Environmental Quality – HR Hiring	1) Checklists up front ensure hiring managers know how to initiate and navigate the hiring process. 2) Reduced the number of signoffs required to approve a hire. 3) Electronic routing process will ensure that hiring forms get priority attention.	Implementation still in progress. Developed a new process that will result in filling open positions in 44 days instead of 96 days (54% reduction).	Candidates will experience a quicker recruitment process and the agency will have less downtime due to unfilled position.
Arizona Department of Environmental Quality – Air Quality Performance Testing Program	1) Shift emphasis from non-value-added re-calculation of test results to review and pre-approval of test protocols. 2) Provide regulatory certainty by issuing an approval letter for accepted test protocols within seven days of protocol receipt. 3) Standardize and reduce review time for protocols and reports through detailed checklists.	Implementation still in progress. Developed a new process that will reduce elapsed time from 240 days to 70 days. (74%) In addition, reduced touch time per stack test from 26.5 hours to 12.75 hours. (52% reduction). With approximately 120 tests per year, this will redirect 1,650 hours per year to higher value functions.	The regulated community will experience faster test review from ADEQ and receive regulatory certainty that the test will be accepted with an approved protocol. The environment will also benefit from faster return to compliance timeframes.
Arizona Department of Environmental Quality – Financial Assurance	1) Developed a simplified process for financial analyses that are less complex 2) Train additional resources to perform simple financial assurance reviews (CD's, Bonds, or Cash) 3) Ensure that financial assurance is in place where needed 4) Improve standardization to ensure applicants can submit complete and accurate information. 5) Standardized process internally to ensure a consistent quality of analysis exists across the agency	Implementation still in progress. Reduced the lead time for less complex financial analyses from 49 days to 22 days (55% reduction in lead time). Since this is a required element of many permits, this can cause delays for DEQ's customers.	The agency will experience higher quality analysis to ensure greater risk mitigation is in place. Standard work ensures applicants understand the process and the agency can conduct the analysis more quickly.

Agency - Process	Changes to process	Metrics	Outcome
Arizona Department of Environmental Quality – Compliance and Enforcement	1) Replace open response reports with field-driven standard formats where possible. 2) Standardization of decision processes enables greater decision making capability in the field. 3) Standardization reduces management review loops.	Implementation still in progress. Lead time for processes supporting return to compliance was reduced between 70% to 98% depending on the type of compliance process. Cumulative touch time of these processes is reduced by over 27,000 hours annually.	ADEQ will support faster return to compliance for the regulated community. ADEQ staff will redirect resources to keeping the regulated community in compliance at the time of inspection.
Arizona Department of Environmental Quality – Total Maximum Daily Load (TMDL)	1) Employ “direct to implementation” path when sources are known, well characterized, and assistance from 319 funds are available. 2) Developed a shorter path to implementation where sources are known but not well characterized from a water quality standpoint.	Implementation still in progress. Reduce TMDL planning from 13.4 to 4.4 years (67% reduction). Eliminate over 2,000 hours of non-value-added time per TMDL plan. The agency expects to implement three to five new water quality improvement projects identified in TMDL or Water Quality Improvement Plans per year.	The TMDL process will reduce the amount of time from identifying “impaired waters” to implementing practices to improve water quality.
Arizona Department of Real Estate - Disclosures	1) Simple disclosures will receive standard systems notes in database versus detailed notes (90% of volume). 2) Improved document request forms are targeted to the type of disclosure.	Reduced processing time for 90% of licensing disclosures from 42 days to 2 days. This is a 95% improvement in lead time. The six week inventory backlog has been reduced to zero.	New or renewal licensees submitting disclosures at the time of application will receive disclosure decisions up to 95% faster.
Arizona Department of Revenue – 2D “No Money” Tax Processing (This was a pilot project. Other tax types will be analyzed in subsequent projects.)	1) Co-locate the functions that process this tax type in the same area. 2) Eliminate non-value-added batch tracking processes. 3) Teams can provide immediate feedback to each other to improve quality.	Reduced the document staging time required to open this tax type from an average of 35 seconds to an average 27 seconds per item (20% improvement). Reduced the amount of travel from 734 feet to 312 feet. During the “off peak” season, lead time has been reduced from an average of 3.16 days to 0.9 days. This is a 70% lead time reduction. Until other tax types are addressed, this lead time improvement will not carry into peak tax season.	The Department of Revenue increased its capacity to process this tax type and this will translate to shorter lead times during peak tax season.

B. Building Capacity



During the period of September 2012 to September 2013, GTO developed the Lean Foundations training program. GTO trained 50 state employees in the core skills needed to improve government processes. Each employee attended 12 hours of classroom instruction in conjunction with at least 30 hours of mentored project participation. These teams are also involved in the actual implementation of the improved processes.

The Lean Foundations training program is built around the idea that **doing** is the most important element of the learning process. All participants in the training program are organized into teams that address an actual performance issue within their agency. While the goal of the training is to move to implementation during the fourth month of class, some teams pursue larger projects that extend the time range of the class. Several projects are still in progress and have not yet reported performance improvements.

While 50 employees completed training this year, GTO anticipates that at least 90 participants will benefit from this training in the coming year. Although the demand for this training is tremendous, GTO will not sacrifice the quality of the actual project mentoring.

III. Partnerships

In nearly every state with an active lean transformation effort, corporate partners provide valuable assistance. GTO would like to thank two of its corporate partners for their support and willingness to share their expertise in lean transformation:

- **Southwest Alliance for Excellence (SWAE) and Intel Corporation:** The Southwest Alliance for Excellence (formerly the Arizona Quality Alliance) partners with Intel to deliver the Mentoring and Planning Services (MAPS) program in Arizona. This is a skills-based volunteer program within Intel that matches seasoned professionals with not-for-profit, education and government organizations. Intel executives have donated many hours of their time and expertise to help the Government Transformation Office with strategy and implementation advice. *Special thanks to Karen Shepard (Southwest Alliance for Excellence), Rudy Hacker (Intel), Sharlyn Stocker (Intel), Glen Compton (Intel), and Bill Hoddy (Intel).*
- **Scottsdale Healthcare:** Scottsdale Healthcare has shared elements of their lean best practices with the Government Transformation Office. *Special thanks to Abdul Mansour for sharing his considerable lean expertise.*

In addition to our corporate partners, the GTO would like to thank the following:

- **The ADOA State Procurement Office** for their support of the procurement improvement efforts at the Arizona Department of Environmental Quality.

- **The ADOA Office of Grants Management** provided support for the implementation of the Grants Management process at the Arizona Department of Health Services. Their expertise assured excellent implementation.

IV. 2013 - 2014 Targets

	2012 - 2013 Results Summary	2013 - 2014 Targets
Partnership	Six agencies actively working to implement lean solutions and promote a lean culture	Eight agencies actively working to implement lean solutions and promote a lean culture
# of Projects	17 projects in implementation	25 projects in implementation
Learning	50 employees trained in the fundamentals of lean and leading projects	90 employees trained in the fundamentals of lean and leading projects
Service Improvement	Reduce lead time by 59% on average	Reduce lead time by 50% on average
GTO Resources	1.75 FTE	2.0 FTE

In the year ahead, GTO will build on the momentum of the past year by continuing to make improvements to existing state agency processes and train state employees in the Lean Foundations program. Increases in project velocity will depend on the following factors:

- **Partnerships:** Two additional agency directors making the commitment to work with GTO and develop lean practitioners.
- **# of Projects:** Previously trained lean practitioners will augment GTO's capacity to lead projects.
- **Learning:** Build capacity for continuous improvement within agencies through completion of GTO's continuous improvement practitioner course (Lean Foundations).
- **Service Improvement:** GTO will maintain an aggressive target of 50% improvement for each project it takes on. The goal is to maintain the high quality of project execution along with increased project volume.
- **GTO Resources:** GTO is now fully staffed with two resources. There are currently no plans to grow the team.

The metrics for 2013-2014 balance process improvement with training for our agencies. GTO's success is measured by the improvements generated by completed projects as well as the number of staff who learn to lead improvement efforts.